

DRAFT
MEMORANDUM

TO: Chief Financial Officers, MMARS Liaisons and Payroll Directors

FROM: Martin J. Benison, Comptroller

DATE:

RE: Updated Payroll Policies – Employer UI/UHI Taxes

Executive Summary

The Payroll Expenditure Policy is updated with a new Policy regarding the maintenance of proper tax reporting by implementing the HRCMS functionality of calculating State Unemployment Tax

The Comptroller's Office is implementing the Unemployment Functionality in the HRCMS Payroll System. There is a flag on the Employee Tax Data-State Tax 2 panel that enables the user to turn off the calculation of UI tax for employees whom are exempt. A Job Aid will be posted on the HRCMS Knowledge Center after the functionality is implemented and departments begin maintaining the tax flag.

The MGL Chapter 151A pertains to Employment and Training. The language can be found at the following link <http://www.state.ma.us/legis/laws/mgl/gl-151A-toc.htm>.

Section 6 and 6a specifically details the types of employment, which are exempt from this tax as they pertain to governmental agencies. Summaries of the employment types are as follows:

- Service performed in a custodial or penal institution by an inmate of said custodial penal institution; or,
- Service performed by a patient in the employ of a hospital whether public, non-profit or proprietary;
- Service performed by students who are enrolled and regularly attending classes at a school, college, or university and that the service is provided under a program to provide financial assistance to such student by the school; i.e. work study students;
- An elected official; or,
- A member of a legislative body; or,
- A member of the National Guard or Air National Guard; or,
- An employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or similar emergency; or,
- An employee serving in a position, which, under Commonwealth laws, is appointed, to either a non-tenured policymaker or advisor whose duties do not require more that 8 hours per week; i.e. Board Members.

The following reports can be utilized by Control Agencies and Departments to review the figures:

- Tax 008 has dept detail
- Tax 001 is for Control Depts. at the Summary level by tax

Multiple worksite location report will be used for DET.